

PEND OREILLE COUNTY PUBLIC HOSPITAL DISTRICT NO. 1
Pend Oreille County, Washington
January 1, 1993 Through December 31, 1993

Schedule Of Findings

1. The District Should Segregate Incompatible Duties

Our review of the district's internal controls noted the following weaknesses:

- a. The clinic supervisor is responsible for opening mail, receipting cash, posting charges to revenue, and posting payments on patient accounts. This allows access to all transactions related to recording of revenue, cash receipting, and accounts receivable for the district.
- b. The business office manager oversees accounts receivable, serves as district treasurer, is the person primarily responsible for the computer system operation, has access to all computer applications, and can propose and post journal entries.
- c. The purchasing clerk can initiate and receive purchases.

A basic principle of internal accounting controls requires the segregation of duties relating to the custody of assets from the responsibility for maintaining the related records of accountability.

Due to the size of the district's business staff, separation of duties is difficult.

When improper duties are not adequately separated, errors and irregularities will not be detected in a timely manner, if at all.

We recommend that the district separate the responsibilities of accounting for the transactions from the physical control of the assets to provide proper checks and balances for the protection of the assets.